



INSTITUT C.D. HOWE INSTITUTE

POLICY CONFERENCE REPORT

GROWING CANADA'S FINANCIAL
SERVICES SECTOR

NOVEMBER 2017



CONTENTS

An Overview	1
Conference Agenda	2
Biographies of Speakers	5
Conference Summary	24
Presentations	25
Robert Antoniadis	26
Gregory Smith	32
Bridget Goulard	37
David McGown	40
Thank You and Contacts	44
Recent C.D. Howe Institute Publications	Inside back-cover

AN OVERVIEW

On November 27, 2017, trusted experts in both the public and private sectors came to the C.D. Howe Institute to discuss expectations on the future of the financial services industry, specifically as it relates to productivity and growth. Both the session participants and question and answer period led to a set of primary themes. The first was the importance of the financial services sector both in generating the ecosystem to facilitate innovation, and to enhance its own productive capacity. The second was the need for principles and function-based regulation, crucial in an era where the speed of financial technology is accelerating faster than regulators can keep up. Lastly, was the need for Canada's regulators and financial services sector participants to make better use of global markets. Regulators can piggy-back on ideas that have proven successful in generating the type of innovation that filters down to the end-user. The financial services sector itself can look to global markets for potential funding and investing opportunities.

CONFERENCE AGENDA

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



8:30 am – 9:00 am

RECEPTION AND REGISTRATION

9:00 am – 9:10 am

WELCOMING REMARKS

William B. P. Robson, President and Chief Executive Officer, C.D. Howe Institute

9:10 am – 10:25 am

Session I – The Productivity Landscape

What is Canada's general productivity story? How the financial sector makes a positive contribution and how can that be enhanced? Should we even focus on the financial services sector as a way to boost productivity?

Moderator:

- **Duncan Munn**, Senior Vice President and Chief Operating Officer, C.D. Howe Institute

Presenters:

- **David Dodge**, Senior Advisor, Bennett Jones LLP
- **Mary Filippelli**, Vice Chair, Risk Advisory, Deloitte
- **Sheryl Kennedy**, Chief Executive Officer, Promontory Financial Group Canada

10:45 am – 12:00 pm

Session II – The Innovation Ecosystem

What is the private sector doing to enhance innovation? Where do we see the most financial sector innovation? FinTech/InsureTech? Payments? Online banking? Corporate structures? Governance? Open Banking? How do we assess consumer access to innovative products and resulting economic gains? As we go more and more digital what happens to those without access? What is the role of data as a driver of competition?

Moderator:

- **Duncan Munn**, Senior Vice President and Chief Operating Officer, C.D. Howe Institute

Presenters:

- **Robert Antoniadis**, Co-Founder and General Partner, Information Venture Partners
- **Patrick Dunn**, Assistant Vice President, Innovation, The Great-West Life Assurance Company
- **Gregory Smith**, Partner, Financial Services Advisory, Ernst & Young LLP

CONFERENCE AGENDA

SPECIAL POLICY CONFERENCE
GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm
 C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



AGENDA (continued)

12:00 pm - 1:30 pm Keynote Luncheon

Moderator:

- Daniel Schwanen, Vice President, Research, C.D. Howe Institute

Presenter:

- Bryan Davies, Chair, Financial Services Regulatory Authority of Ontario

1:30 pm – 2:45 pm Session III – The Role of International Trade

What should the Canadian financial sector focus on to utilize international markets? What should our trade strategy focus on with respect to financial services? How have foreign governments/regulators promoted their own financial sector and domestic innovation? Will the Canadian Business Growth Fund, supported by banks and insurers, based off the UK model, be successful in promoting innovation? Will Super Clusters be the answer? How will NAFTA negotiations affect Canada's financial services sector for key issues such as data flows or localization?

Moderator:

- Daniel Schwanen, Vice President, Research, C.D. Howe Institute

Presenters:

- Jeremy Kronick, Senior Policy Analyst, C.D. Howe Institute
- Christopher Donnelly, Vice President and Counsel, Regulatory and Public Affairs, Manulife
- Annette Ryan, General Director, Financial Sector Policy Branch, Department of Finance Canada

2:55 pm – 4:10 pm Session IV – The Way Forward: Regulation

The forces affecting regulation in Canada have changed significantly in recent years. There is now greater influence from international regulation and domestically there are changing regulatory expectations. This session will focus on what the future of regulation holds in Canada in the area of market conduct.

Moderator:

- Jeremy Kronick, Senior Policy Analyst, C.D. Howe Institute

CONFERENCE AGENDA

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



AGENDA (continued)

2:55 pm – 4:10 pm

Session IV – The Way Forward: Regulation *Continued..*

Presenters:

- **Brigitte Goulard**, Assistant Commissioner, Financial Consumer Agency of Canada
- **David McGown**, Senior Vice-President, Strategic Initiatives, Insurance Bureau of Canada
- **Tracey Stern**, Manager, Market Regulation, Ontario Securities Commission

4:10 pm – 4:25 pm

CLOSING REMARKS

William B. P. Robson, President and Chief Executive Officer, C.D. Howe Institute

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Robert Antoniades Co-founder and General Partner, Information Venture Partners

Robert Antoniades co-founded Information VP in 2014. Rob has led investments in and currently serves on the Boards of Adaptive Insights, Infobright Software, Igloo Software, PostBeyond and Q4. Prior boards include Placemark Investments (acquired by Envestnet), Varicent (acquired by IBM), ITM Software (acquired by BMC) and Verafin Software. Rob is interested in finding the disruptive ideas and entrepreneurs that believe new or better information is foundational to businesses. He believes that SaaS is still early in its disruptive effects and that financial institutions need technology to service their customers, reduce cost and compete. Areas of interest include SaaS, next gen analytics including cognitive computing and AI, capital markets, banking, wealth management and insurance technology.

Robert joined RBC Venture Partners as a Managing Director in 2004 and led direct investments in a broad range of software and technology companies ranging from enterprise software to information security and from insurance applications to sales and trading platforms.

Prior to RBC, Robert was a Vice President at BMO Nesbitt Burns Equity Partners and Executive Director of CIBC Capital Partners' Silicon Valley office in Menlo Park where he collectively made investments in financial services software, internet service providers, enterprise and internet software, e-healthcare, wireless application development, security products, optical networking and semiconductor companies, among others. Robert has over 18 years of venture capital investing experience.

Additionally, Robert is the Past Chair of the Distress Centres of Toronto, Past Chair of Flemingdon Neighbourhood Services and, Chair and co-founder of the Upside Foundation of Canada.

Robert has a BBA from Wilfrid Laurier University and is a Chartered Financial Analyst, a Fellow of the Canadian Securities Institute and a Certified Investment Manager.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm
C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Bryan Davies
Chair, Financial Services Regulatory
Authority of Ontario

Most recently, he served as Chair of the Canada Deposit Insurance Corporation, assuming that role in 2016. Mr. Davies also served concurrently as Vice-Chair of the Canadian Securities Transition Office from July 2009 to July 2013.

Prior to those federal appointments, Mr. Davies was Chief Executive Officer and Superintendent of the Financial Services Commission of Ontario from 2002 to 2005. Before then, he was Senior Vice President of Regulatory Affairs at the Royal Bank Financial Group.

Mr. Davies held a number of senior positions in the Government of Ontario from 1975 to 1993, including Deputy Treasurer and Deputy Minister of Economics, and was Vice President of Business Affairs and Chief Administrative Officer at the University of Toronto from 1992 to 1994.

He has served on the Boards of both publicly traded and private corporations, and has been, and remains, active in a range of non-profit organizations, focused on the cultural, heritage, and education spheres.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



David Dodge
Senior Advisor, Bennett Jones LLP

A native of Toronto, Mr. Dodge received a bachelor's degree (honours) from Queen's University, and a PhD in economics from Princeton.

During his academic career, he taught economics at Queen's University; at the School of Advanced International Studies, Johns Hopkins University; at the Faculty of Commerce at the University of British Columbia; and at Simon Fraser University. He also served as Director of the International Economics Program of the Institute for Research on Public Policy. Mr. Dodge has been awarded honorary degrees from a number of Canadian universities. In 2009, he was elected a fellow of the Royal Society of Canada.

During a distinguished career in the federal public service, Mr. Dodge held senior positions in the Central Mortgage and Housing Corporation, the Anti-Inflation Board, and the Department of Employment and Immigration. After serving in a number of increasingly senior positions at the Department of Finance, including that of G-7 Deputy, he was Deputy Minister of Finance from 1992 to 1997. In that role, he served as a member of the Bank of Canada's Board of Directors.

In 1998 he was appointed Deputy Minister of Health, a position he held until his appointment as Governor of the Bank of Canada.

Mr. Dodge, appointed Governor of the Bank of Canada, effective 1 February 2001 for a term of seven years, retired on 31 January 2008. From July 2008 to June 2014, he served as Chancellor of Queen's University. From 2009 to 2015, he was a member of the board of directors of Canadian Utilities Limited, ATCO Limited and the Bank of Nova Scotia.

Mr. Dodge is Senior Advisor at Bennett Jones LLP one of Canada's leading law firms. He also serves on the board of the Canadian Institute for Advanced Research, and Chairs the National Council of the C.D. Howe Institute.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Christopher Donnelly Vice President and Counsel, Regulatory & Public Affairs, Manulife Financial

Chris Donnelly coordinates industry, regulatory and government relations for Manulife in Canada. Manulife has a diverse range of business in Canada including banking, insurance, investments, pensions and the delivery of supplemental health benefits. Chris works to manage Manulife's response to regulatory and public policy issues across these businesses. He also is part of the global government and regulatory affairs team that supports Manulife's international operations.

Chris is the Chair of the Canadian Services Coalition, a group that advocates for expanding international trade in services. Chris also participates in the work of the Business and Industry Advisory Committee to the OECD and is a member of the Policy Committees of the Canadian and Ontario Chambers of Commerce. Chris participates actively in financial services industry organizations such as the Canadian Life and Health Insurance Association and the Investment Funds Institute of Canada and is a member of the Board of the Waterloo Region Economic Development Corporation.

Prior to joining Manulife, Chris held several positions with the Government of Canada with focus on areas of competition/anti-trust and trade. He is a graduate of the law program at the University of Ottawa and a graduate of Wilfrid Laurier University where he studied politics and economics.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Patrick Dunn

Assistant Vice President, Innovation,
The Great-West Life Assurance

Patrick brings more 15 years' experience in insights and innovation. His focus has been to help companies understand and succeed in new markets and categories by working in the intersection of strategy, design, and customer empathy.

In his current role as AVP Innovation at Great West Life, he leads a multidisciplinary team of designers, strategists, and business analysts in higher-ambition innovation projects to uncover unmet consumer needs, and develop creative and disruptive solutions.

In roles spanning tech, financial, and consultancy, Patrick has leveraged design thinking and consumer insights to create successful project and experience launches, including cameras in India, Edtech in the US, and benefits plans in Canada. In his spare time, he plays guitar (poorly), enjoys lacrosse, and is a regular pro-bono consultant for not-for-profits.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Mary Filippelli
Vice Chair, Risk Advisory, Deloitte

Mary recently joined the Deloitte Canada Leadership Team as a Vice Chair. She is a member of Deloitte's Marketplace Committee of the Executive, with a focus on financial services, risk and regulatory. Mary brings more than 25 years of deep financial services experience, both as an advisor and as a bank executive.

Mary is known for her ability to bring experience from diverse vantage points into her mindful leadership practices to transform organizations and create value through strategic and disruptive opportunities. She helps organizations think differently and create opportunities for growth.

Prior to joining Deloitte, Mary served as part of the executive team and as Group Audit Director of the largest bank in the United Kingdom, Mary led the significant transformation of the bank's Group Audit Function. She established the strategic vision, created a new operating model and reorganizing the entire function.

Throughout her career, Mary has served as a strategic advisor to many Financial Institutions, including Canada's Big Five banks. She has designed and implemented new governance frameworks and business models in the financial services sector both in Canada and globally. In addition, she brings expertise in complex governance frameworks, and regulatory and operational constructs. Mary is passionate about mobilizing the absolute best expertise to help her clients solve business issues.

Mary is a Canadian CPA and a recognized expert on professional conduct matters in financial services for the ICAO. She is an author of articles on banking, is a significant contributor in various industry related panels and summits, and has co-authored a securities industry program for the CICA and CIPF. As an Advisory Board Member of the Forward Institute in the UK, Mary had a focus on exploring challenges and practices of responsible leadership.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Brigitte Goulard
Assistant Commissioner, Financial
Consumer Agency of Canada

Ms. Goulard was appointed Deputy Commissioner on March 17, 2014. Before joining the Financial Consumer Agency of Canada, Ms. Goulard was the Vice-President, Policy and Government Relations, for the Credit Union Central of Canada.

An experienced policy professional in the Canadian financial services industry, Ms. Goulard has been employed in legal and policy roles with several industry associations, including The Trust Companies Association and the Canadian Life and Health Insurance Association. Ms. Goulard has also held the position of Vice-President, Pan Canadian Development with the Fédération des caisses Desjardins du Québec and the position of Vice-President, General Counsel, and Corporate Secretary with TD Meloche Monnex.

Ms. Goulard has taught Securities Regulations and Financial Institutions Legislation at the Faculty of Law at the University of Ottawa and has been a visiting professor with Palacky University in the Czech Republic.

Ms. Goulard is a member of the Ontario bar with an LL.B. from the University of Ottawa.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Sheryl Kennedy
Chief Executive Officer, Promontory
Financial Group Canada

Sheryl Kennedy, CEO of Promontory Financial Group Canada, an IBM Company, advises clients on a wide range of public policy, business strategy, finance, restructuring, governance, risk management and regulatory compliance issues. She has led and advised clients in assessing regulatory impacts, devising business strategies, and managing risk in light of a rapidly changing regulatory and competitive environment. One of her current areas of focus is working with Watson Financial Services colleagues at IBM to develop regtech solutions for regulatory compliance risk management and combatting financial crimes.

Sheryl joined Promontory in 2009 after a 28-year career in federal public service, including serving as deputy governor of the Bank of Canada. She was senior adviser for international strategy on executive interchange to Scotiabank in Toronto in 2006. Sheryl previously worked for the Department of Finance of the government of Canada, as general director of the Financial Sector Policy Branch.

Sheryl is a Director of the Canadian Public Accountability Board, a Governor of the University of Waterloo and a Trustee of the General Synod of the Anglican Church of Canada Pension Plans. She holds an MPA from Harvard University and studied Finance at the London School of Economics.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Jeremy Kronick
Senior Policy Analyst, C.D. Howe
Institute

Jeremy holds an undergraduate degree in economics and mathematics from Queen's University, a master's in financial economics from the University of Toronto, and a PhD in International Economics and Finance from Brandeis University. His PhD research areas focused on the international transmission of monetary policy shocks from the developed to the developing world, as well as the Canadian housing market and the effects of macroprudential regulation.

Jeremy previously worked in the international tax department at Deloitte & Touche LLP, as well as in both the financial stability and international departments of the Bank of Canada. Most recently, he was a lecturer at Brandeis University where he taught both macroeconomics and microeconomics while completing his PhD studies.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm
C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



David McGown
Senior Vice-President, Strategic
Initiatives, Insurance Bureau of Canada

An accomplished executive leader with experience in communications, policy, government relations and corporate development, David brings in-depth knowledge of the financial and public sectors to corporate decision-making. Prior to joining IBC in 2015, he held senior leadership roles at Canadian Imperial Bank of Commerce over a span of 28 years, most recently serving as its Vice-President for Government, Regulatory and Public Affairs. He began his career in research at Queen's Park and then as an economist in the Department of Finance in Ottawa.

As Senior Vice-President, Strategic Initiatives, David oversees IBC's Communications, Policy and Legal teams, in support of IBC's goals.

He holds a master's degree from the School of Advanced International Studies at the Johns Hopkins University and an honours bachelor degree from University of Western Ontario.

David's leadership extends beyond the boardroom, with a strong track record of non-profit and community involvement. A former President for the Couchiching Institute on Public Affairs and for the Canadian Youth Foundation, he serves on the board of Jazz FM, the capital campaign for the Kenojuak Cultural Centre in Cape Dorset and continues to serve as a friend of the Canada Institute Advisory Board of the Washington DC-based Woodrow Wilson Centre.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Duncan Munn

Senior Vice President and Chief
Operating Officer, C.D. Howe Institute

Duncan Munn is Senior Vice President and Chief Operating Officer at the C.D. Howe Institute. He joined the Institute in 2000, holding increasingly senior roles culminating in his appointment as Sr. VP and COO in 2008. He oversees all daily affairs of the Institute as well as personally provides leadership to the organization's new initiatives, major special projects, and plays a leadership role in the overall strategic direction of the organization.

Duncan is also an experienced Director, serving on many boards in both the profit and non-profit sector. His current focus as a Director is with several early stage financial services firms that focus on niched lending areas. Duncan is also the former Chair of the Board at Alterna Savings, a full-service financial services firm with more than \$3 billion in assets under management.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm
C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



William B. P. Robson
President and Chief Executive Officer,
C.D. Howe Institute

Bill Robson took office as President and CEO of the C.D. Howe Institute in July 2006, after serving as the Institute's Senior Vice President since 2003 and Director of Research since 2000. He has written more than 230 monographs, articles, chapters and books on such subjects as government budgets, pensions, healthcare financing, inflation and currency issues. His work has won awards from the Policy Research Secretariat, the Canadian Economics Association, and the Donner Canadian Foundation. He is a Senior Fellow at Massey College and holds an ICD.D designation from the Institute of Corporate Directors. He is a member of the Panel of Senior Advisors to the Auditor General of Ontario and the Ifo World Economic Survey expert group, and a Big Picture Panelist on the CBC's *On the Money*. Bill taught public finance and public policy at the University of Toronto from 2000 to 2003, and currently teaches a Master's level course in public finance at the University of Toronto's School of Public Policy and Governance.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm
C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Annette Ryan
General Director, Financial Sector
Policy Branch, Department of Finance
Canada

Annette Ryan is the General Director of the of the Financial Sector Policy Branch, at Finance Canada. The Branch is responsible for policy development on federal financial sector policy issues including financial markets, securities policy, housing finance, financial institutions and stability, consumer protection, pensions, payments systems, and anti-money laundering and anti-terrorist financing.

In her previous experience with federal and provincial central agencies, she has led research and policy analysis on varied economic issues, including Employment Insurance, productivity, innovation and investment, fiscal federalism, labour markets, government expenditure and taxation.

Before joining the civil service, Annette conducted microeconomic research on innovation and labour demand at the Institute for Fiscal Studies in London, U.K. She holds a Masters degree in Economics from Oxford University, which she attended as a Rhodes Scholar, and a Bachelor degree in Mathematics from Acadia University.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Daniel Schwanen

Vice President, Research, C.D. Howe
Institute

Daniel Schwanen is an award-winning economist with a passion for international economic policy. He is spearheading Institute programs focused on the link between Canada's international trade and investment policy and Canadians' standards of living.

Having earned degrees in economics from the Université de Montréal and Queen's University, Daniel began his career in the financial services industry, becoming International Economist at the CIBC in 1986. He first joined the C.D. Howe Institute in 1990, producing widely-cited research on international trade, Canada's economic union, climate change policy, and the economics of cultural policy. His work in the 1990s earned him foreign visitorships in the United States, Japan and Australia.

After joining the Institute for Research on Public Policy in 2001, Daniel earned the Policy Research Initiative's Outstanding Research Contribution Award for his paper "A Room of Our Own: Cultural Policies and Trade Agreements," and produced, with co-editors Thomas Courchene and Donald Savoie, a major series of papers on North America after NAFTA. In 2007, he co-wrote the independent review of Australia's Progress to Achieve APEC Goals, presenting the report at APEC's Senior Officials meeting as part of APEC's peer review process.

Daniel joined the Centre for International Governance Innovation (CIGI) in Waterloo, Ontario in 2005, serving in a number of senior research and executive positions. Most recently, his work there focused on the G20 and international economic policy coordination.

Daniel returned to the C.D. Howe Institute in March, 2011 as Associate Vice President, Trade and International Policy. He was promoted to Assistant Vice President, Research in January 2013, and currently holds the position of Vice President, Research, as of June 2014.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Gregory Smith Partner, Financial Services Advisory, Ernst & Young LLP

Gregory is a Partner within EY's Financial Services Advisory practice in Canada and has over 25 years of both industry and management consulting experience within financial services, with a primary focus of serving major clients wishing to transform their business models in anticipation of changing industry imperatives.

His specific expertise includes business model re-design and implementation, organizational effectiveness, customer experience transformation, multi-channel distribution strategy, as well as cost reduction and operational efficiency programs.

Gregory has a history of delivering successful engagements for clients in North America as well as the Asia-Pacific region.

As a recognized thought leader within the global firm, Gregory has researched and spoken at conferences on a number of strategic industry topics: changing needs of customers, impact of global trends to operating model flexibility, responses to the changing regulatory environment and technology enhancements for banking, insurance and wealth management – including emerging fintechs.

Gregory holds an Honours BA in economics from Queen's University and an MBA from the University of Toronto's Rotman School of Management where he specialized in strategy for financial services.

Since 2002, he has been a proud member of the Canadian Association of Management Consultants with a Certified Management Consultant (CMC) designation.

BIOGRAPHIES OF SPEAKERS

SPECIAL POLICY CONFERENCE GROWING CANADA'S FINANCIAL SERVICES SECTOR

Monday November 27, 2017, 8:30 am – 4:25 pm

C.D. Howe Institute, 67 Yonge Street, Suite 300, Toronto



Tracey Stern
Manager, Market Regulation, Ontario
Securities Commission

Tracey Stern is the Manager of the Market Regulation Branch of the Ontario Securities Commission. Market Regulation is responsible for the oversight of marketplaces, self-regulatory organizations and clearing agencies. Her current responsibilities include policy relating to market structure, such as dark liquidity and electronic trading, and the oversight of alternative trading systems and exchanges. She is also responsible for regulation of trading in bond markets, including bond transparency initiatives. She is the Chair of IOSCO Committee 2 on the Regulation of Secondary Markets, which is responsible for work associated with market structure and trading issues relating to equities, derivatives and fixed income. IOSCO C2 is currently examining issues associated with corporate bond transparency and managing volatility in markets. Ms. Stern joined the staff of the Ontario Securities Commission, initially as corporate finance counsel. She graduated from Osgoode Hall Law School and has a B.A. in Economics from the University of Western Ontario.

PARTICIPANT LIST



Robin Banerjee
Ontario Ministry of Finance

Bruce Barker
Bennett Jones LLP

Alana Barnes
Canadian Bankers Association

Amanda Bell
RBC

Paul Bourque
The Investment Funds Institute of Canada

Alanna Boyd
Sun Life Financial Inc.

Ian Bragg
The Investment Funds Institute of Canada

Paul Braithwaite
Ontario Ministry of Finance

Bernard Brun
Desjardins Group

James Carman
The Investment Funds Institute of Canada

Jennifer Chan
Ontario Ministry of Municipal Affairs

Alex Ciappara
Canadian Bankers Association

Marco Ciavatta
Financial Services Commission of Ontario

David Crenna
Canadian Home Builders' Association

Andre de Haan
Ernst & Young LLP

Nadja Dreff
Insurance Bureau of Canada

Andrew Fitzpatrick
The Great-West Life Assurance Company

Victor Gomez
Sun Life Financial Inc.

Sandeep Gosal
The Investment Funds Institute of Canada

Jeffrey Graham
Borden Ladner Gervais LLP

Simon Grant
Bennett Jones LLP

Simon Grant
Bennett Jones LLP

Darren Hannah
Canadian Bankers Association

Kelly Harris
FirstOntario Credit Union

Mathias Hartpence
RBC

Jenna Hay
Ontario Ministry of Finance

PARTICIPANT LIST

PARTICIPANT LIST



Russell Hiscock
CN

Sarah Hobbs
Canadian Life and Health Insurance Association Inc.

Paul Jelec
Wellington-Altus Private Wealth Inc

Don Johnson
BMO Capital Markets

Cally Jordan
University of Saskatchewan

Kate Karn
MasterCard Canada

Blair Keefe
Torys LLP

Sabrina Kellenberger
Canadian Credit Union Association

Brad Kuiper
Canadian Life and Health Insurance Association Inc.

Michael Landry
Davenport Advisory

Paul Lehmann
BMO Financial Group

Steven Lutz
Bennett Jones LLP

Daniel Malik
Toronto Financial Services Alliance

Liam McGuinty
Insurance Bureau of Canada

Hugh McLelland
Queensbury Group

Aaron Meyer
Canadian Bankers Association

Brent Mizzen
Canadian Life and Health Insurance Association Inc.

Farah Omran
C.D. Howe Institute

Sam Palmerio
Desjardins Group
Stephane Paris
C.D. Howe Institute

Marc Pepin
Manulife

Suzanne Peters
Canadian Credit Union Association

Craig Pinnock
Northbridge Insurance

Bryan Radeczy
Canadian Bankers Association

Lawrence Ritchie
Osler, Hoskin & Harcourt LLP

Sandy Roberts
Financial Services Regulatory Authority of Ontario

PARTICIPANT LIST

PARTICIPANT LIST

**Donna Robertson**

Visa Canada

Katie Rochefort

Central 1 Credit Union

Mary Rollinson-Lorimer

Ontario Ministry of Finance

Ian Russell

Investment Industry Association of Canada

Sadrudin Salman

Ontario Ministry of Finance

Janet Salter

The Investment Funds Institute of Canada

Michelle Seto

Bennett Jones LLP

Al Spadaro

Canadian Western Trust

Alykhan Surani

Ontario Ministry of Finance

Richard Tillmann

Financial Services Commission of Ontario

Adrian Timperley

TD Bank Group

Dennis Tsang

Canadian Bankers Association

Kuno Tucker

Investment Industry Association of Canada

Mariana Urbiola

Business Development Bank of Canada

Stephen Vanstone

Intellect Design Arena Ltd

Kathleen Ward

Ontario Ministry of Finance

Howard Wetston

The Senate of Canada

Terence Whalen

Wells Fargo & Company

Deborah Wise

BMO Financial Group

Jacquelin Wong

C.D. Howe Institute

Bruce Wood

RBC Capital Markets

Ayesha Zubair

Ontario Ministry of Finance

RAPPORTEUR'S SUMMARY OF CONFERENCE DISCUSSION AND PRESENTATIONS

The conference was composed of four major sessions. The proceedings began with participants discussing the productivity landscape in Canada, and how the financial services sector makes a positive contribution. The second session then looked at Canada's innovation ecosystem in the financial services sector, looking at payments systems, the growth of fintechs, and data. The third session saw participants discuss the role of international trade, why the financial services sector is important in this regard, and how we should approach negotiations. The final session of the day investigated the way forward on regulation, where the gaps are, and how it affects innovation. The keynote session focused on the development and implementation of Ontario's new Financial Services Regulatory Authority (FSRA).

Session I – The Productivity Landscape

This session began with participants looking at ways in which the financial services sector contributes to real economy productivity: through payments systems efficiency, facilitating allocation from savers to borrowers, distributing capital to the economy as efficiently as possible, and through the appropriate redistribution of risk by means of insurance. The question that followed was what role has (should) regulation played in furthering these contributions.

Suggestions included looking at ways in which regulation can lower the funding costs for small and medium-sized enterprises, ensuring productivity does not come at the expense of consumer interests, looking at the legacy systems of our largest financial services institutions, and better use of big data. The question of the risk-taking culture in Canada was raised, though what regulators can do on this front is not clear.

Lastly, panelists discussed the importance of being careful not to pin it all on banks. In theory, banks are about maturity transformation and it is up to equity markets to provide the creativity and take risks for the real economy. And it is here where regulators have swung too far in the direction of safety and stability, at the expense of competition, innovation, and growth.

Session II – The Innovation Ecosystem

The next session began with a look at survey results positioning Canada as a leader and laggard in certain areas of financial services. For example, consumer adoption of fintech was low in Canada, and we ranked as a laggard in digital savviness. However, we ranked quite high in our financial savvy. Both these results were explained as being the result of the prominence of our large financial institutions.

Other data was presented showing Canada lagged behind in spending on fintechs with, for example, no large bank deals in venture capital-backed fintechs in 2016. One argument presented was that the regulatory burden slowed down the flow of capital as start-up costs were unnecessarily high.

Lastly, we heard about some of the on-the-ground innovations in Canada including plans for tackling student debt by pairing it with employer matching workplace pension plans, as well as early-stage investments focused on Canadian companies that have a more global ambition.

Session III – The Role of International Trade

Included in this session was an investigation into what Canada's trade strategy should focus on with

respect to financial services, and how the Canadian financial sector can better exploit opportunities in international markets. On the former, the argument put forth was the countries that were expected to substantially grow in the near term, yet remained fairly closed to foreigners, presented clear opportunities for Canada's trade team. These countries were especially attractive if they had begun to show a willingness to form trade agreements with other countries. Trans-Pacific Partnership (TPP) countries, China, and India, highlighted the list of attractive potential trade partners. On exploiting international markets, the discussion focused on areas where Canada's regulatory system drastically differed from other international peer countries, and whether this hampers our funding and investment opportunities.

Another issue raised by participants in this session was the future of trade agreements. With the U.S. seemingly intent on negotiating bilateral trade agreements, and with the failure of TPP, does Canada need to consider a different strategy or should they continue to push for multilateral agreements?

Lastly, there appeared to be continued support for financial sector prudential carve-outs in trade agreements given the importance of the sector, and the many, sometimes significant, jurisdictional differences.

Keynote Session and Luncheon – A Talk on the Financial Services Regulatory Authority

As the era of FSRA nears, it was important to get some detail on how the organization views its roles and responsibilities. The presentation discussed the need for the modern regulator to have access to principals and outcome-based regulation as opposed to strict rules and processes. Further, access to data and analytical capacity was deemed crucial for future success. Regulators must continue to stress the importance of the relationship with regulated entities – something that has served Canada well in the past. The strength of this relationship, and with consumers, will come from transparency of mandate, decisions, and rules-making processes.

FSRA will look to implement and develop the supersandbox idea as it will allow for experimentation in a controlled environment.

Two of the top issues FSRA will face from day one are in pensions and auto insurance. Tackling these problems will be paramount to getting FSRA off and running in a positive direction.


Session IV – The Way Forward: Regulation

The final session of the day involved participants reinforcing the need for principle/function-based regulation when it comes to new and different participants and/or platforms. Furthermore, of importance is technology-neutral language similar to what we had with the internet in the 1990s, as a result of the speed with which technology is moving and the difficulty for regulators to keep up. Also key, as suggested by the panelists, will be a focus on consumer education. If we think it is difficult for regulators to keep up, imagine how difficult it is for someone who has not dedicated their career to understanding the financial services sector.

The session ended with questions regulators should seek to answer as they continue to balance the need for stability with the desire for innovation: what are we trying to control for? How can we ensure the benefits of innovation make it to the end-user? How have other countries approached these issues and is there anything we can learn? Do we have consistency across regulatory bodies, and is there harmful overlap that can be removed?

PRESENTATIONS

Robert Antoniades, Co-Founder and General Partner, Information Venture Partners



INFORMATION
VENTURE PARTNERS

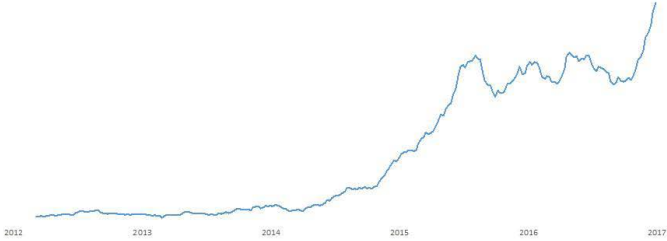
Presentation for the CD Howe Institute
November 2017

Private and Confidential – Do not Distribute

1

1

What is this?



Source: Google trends Canada

Google Search term: FinTech

Private and Confidential – Do not Distribute

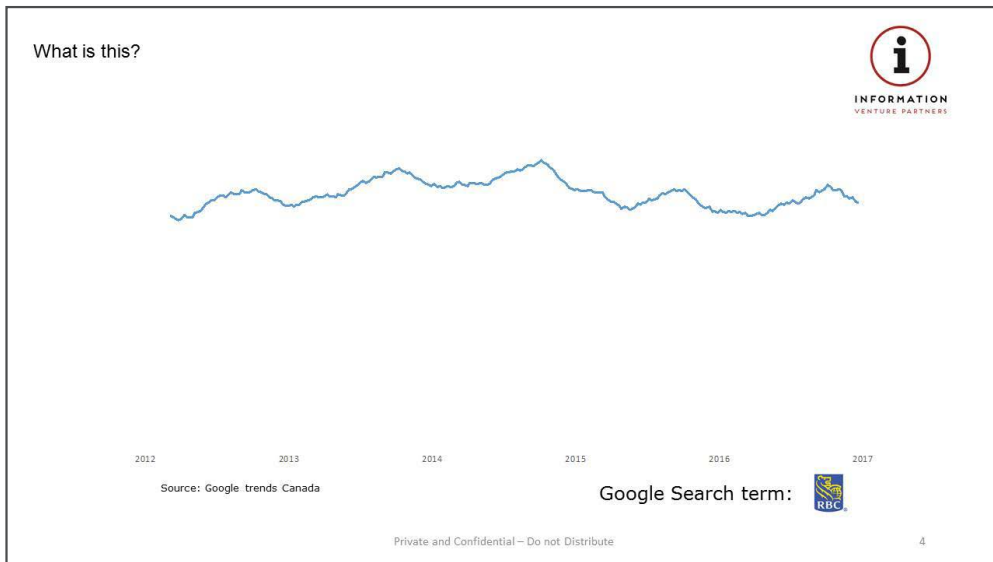
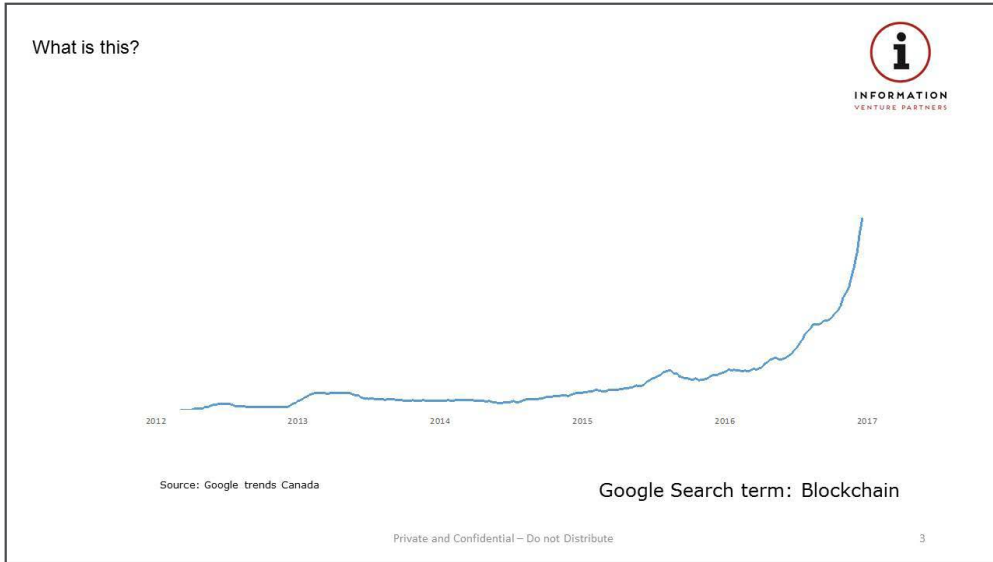
2

2

PRESENTATIONS

Robert Antoniades, Co-Founder and General Partner, Information Venture Partners

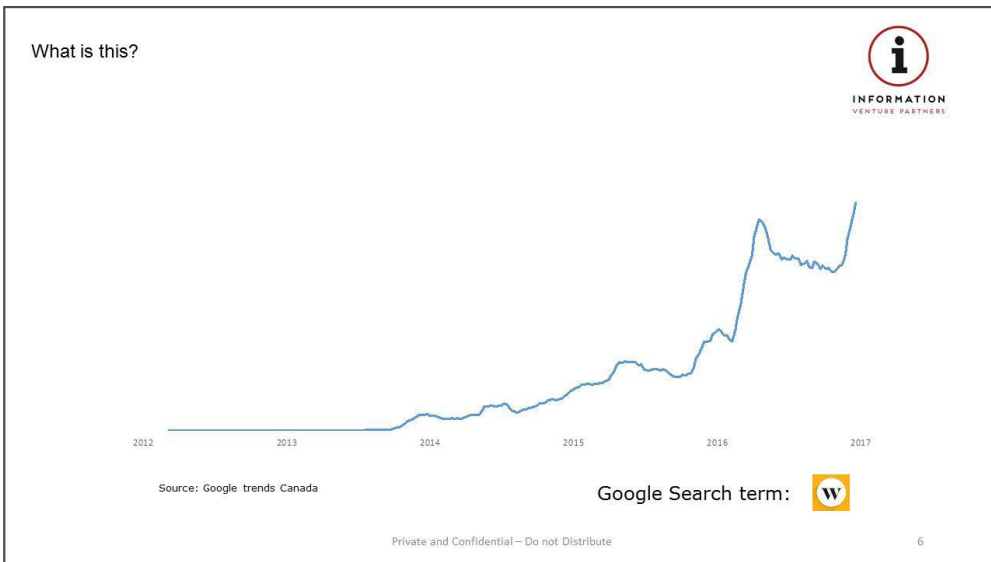
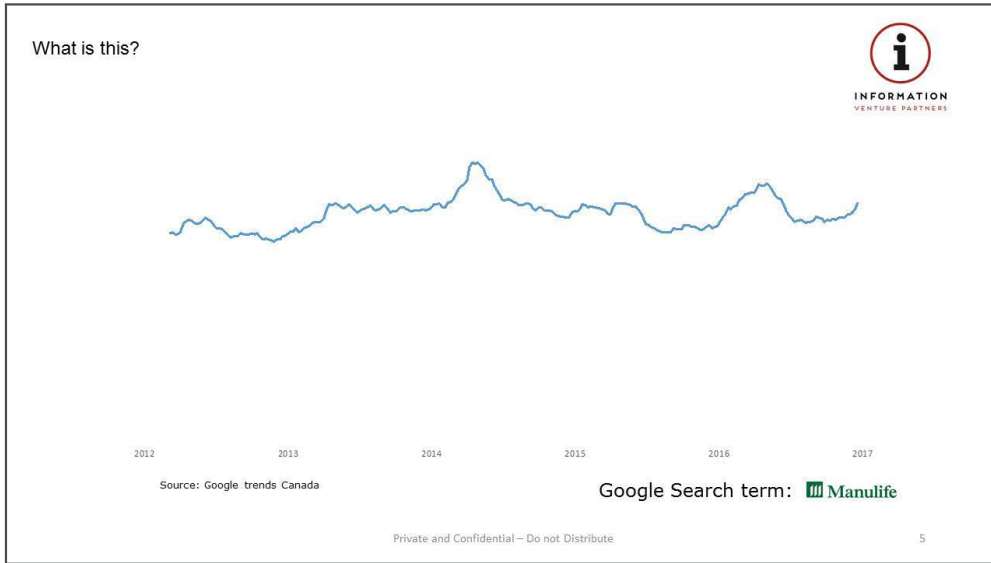
(Continued)



PRESENTATIONS

Robert Antoniades, Co-Founder and General Partner, Information Venture Partners

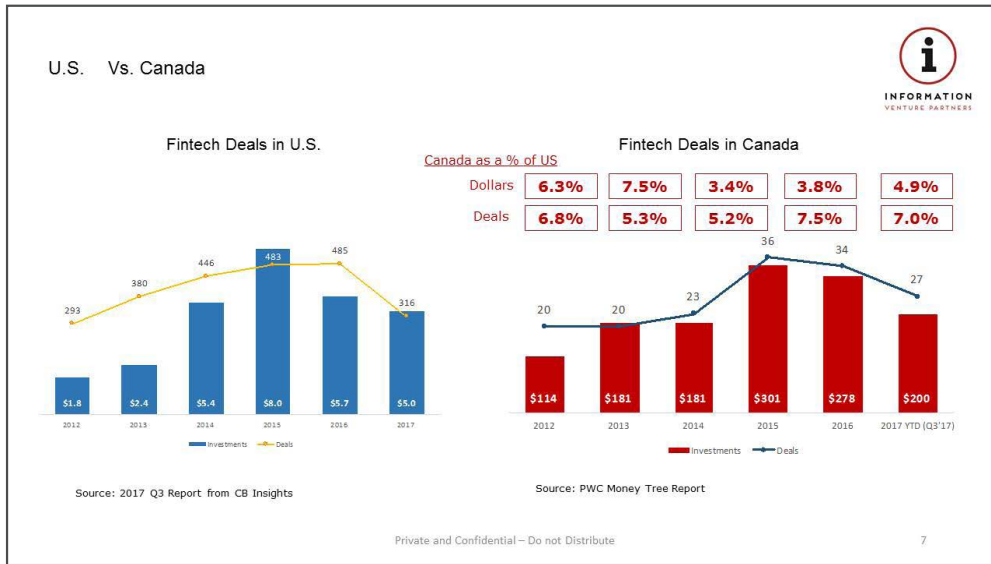
(Continued)



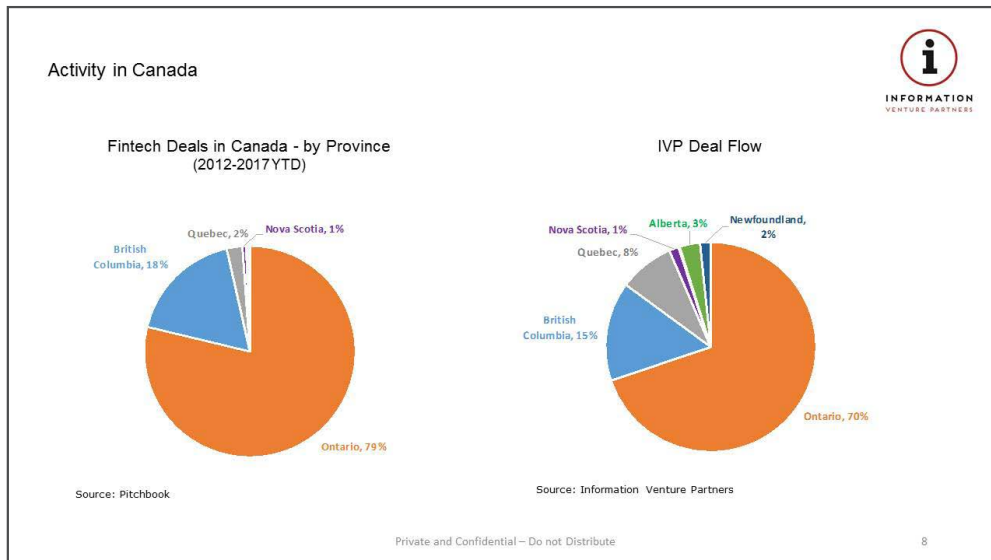
PRESENTATIONS

Robert Antoniades, Co-Founder and General Partner, Information Venture Partners

(Continued)



7

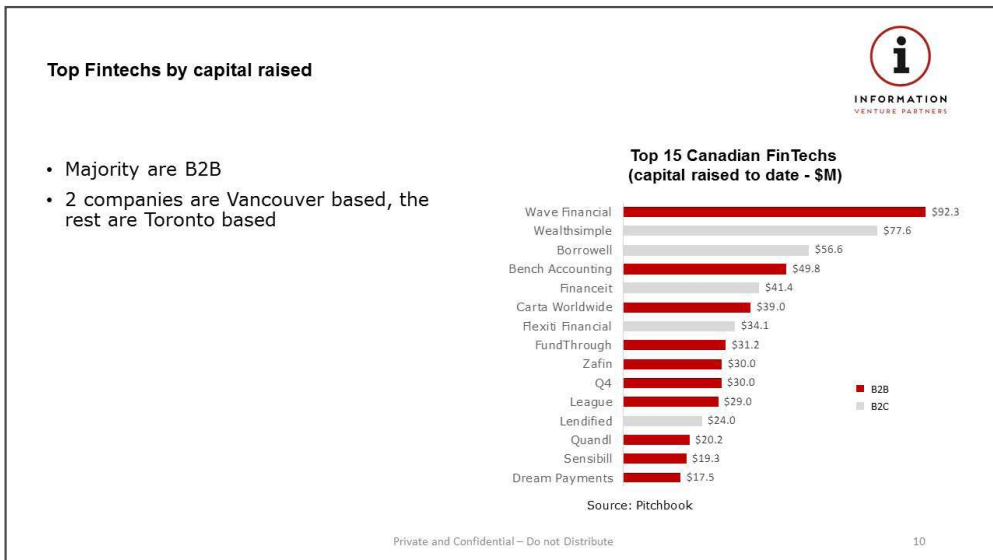
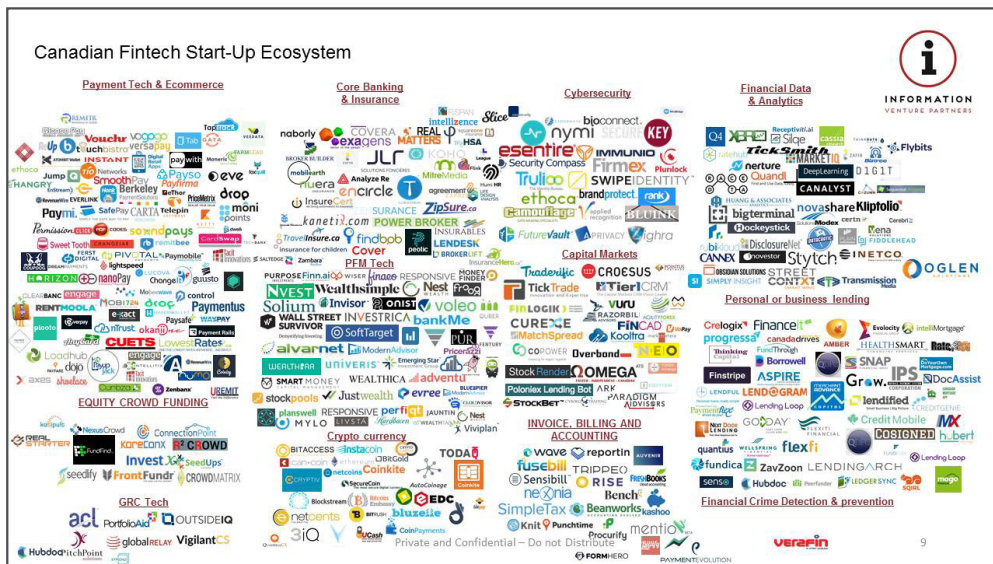


8

PRESENTATIONS

Robert Antoniades, Co-Founder and General Partner, Information Venture Partners

(Continued)



PRESENTATIONS

Robert Antoniades, Co-Founder and General Partner, Information Venture Partners

(Continued)

WHERE IS Toronto in ranking as a global Fintech Hub?

Deloitte Ranking of Global FinTech Hubs		Major Bank Deals in VC-backed Fintechs (Q4'15 to Q4'16)	
City	Fintech Hub Rank (n=44)	Bank	Investments to VC-backed Fintech's
London	1	Citigroup	8
Singapore	2	Banco Santander	8
New York	3	Goldman Sachs	8
Silicon Valley	4	Mitsubishi UFJ FG	5
Chicago	5	Sumitomo Mitsui FG	5
Hong Kong	6	Mizuho FG	5
Zurich	7	Wells Fargo	3
Sydney	8	JPMorgan Chase & Co	3
Frankfurt	9	UBS AG	2
Toronto	10	HSBC	2
Stockholm	11	PNC Financial	2
Tokyo	12	BBVA	2
Dublin	13	5 Others	1 each
Taipei	14	Canadian Banks	0
Amsterdam	15		



Observations

- Toronto ranked 10th amongst global FinTech hubs (Deloitte, April 2017)
- Toronto ranked "excellent" in categories: *proximity to customers* and *proximity to expertise...*
- **..but** "New hubs" emerging including Tokyo (11), Paris (17), Shanghai (25), Shenzhen (27)

Source: Connecting Global FinTech: Interim Hub Review 2017 (Deloitte), CB Insights

Private and Confidential – Do not Distribute

11

Call to action

1. Rally the troops
 - Craft a culture of innovation
 - Build an ecosystem: Government, industry, entrepreneurs, VCs, accelerators
2. Buy Local
 - Partner with Canadian FinTech firms
3. Think big, be global



Private and Confidential – Do not Distribute

12

PRESENTATIONS

Gregory Smith, Partner, Financial Services Advisory, Ernst & Young LLP

Session II: The innovation Ecosystem

C.D. Howe

EY's perspectives: Gregory Smith

27 Nov 2017

EY
Building a better working world

1

Canada currently lags among fintech leaders

Global FinTech leaders	Talent • Talent availability • Talent pipeline	Capital • Seed • Growth • Listed	Policy • Regulatory regimes • Government programs • Taxation policy	Demand • Consumer • Corporate • Financial institutions	Total points (the lower the score, the higher the ranking)
United Kingdom (UK)	2	3	1	3	9
California (USA)	1	1	7	2	11
New York (USA)	3	2	8	1	14
Singapore (SG)	5	8	2	5	20
Germany (DE)	7	4	5	6	22
Australia (AU)	6	5	3	8	22
Hong Kong (HK)	8	6	4	4	22
Canada (CA)	4	7	6	7	24

Source: EY Fintech study for UK's HM Treasury 2016

EY

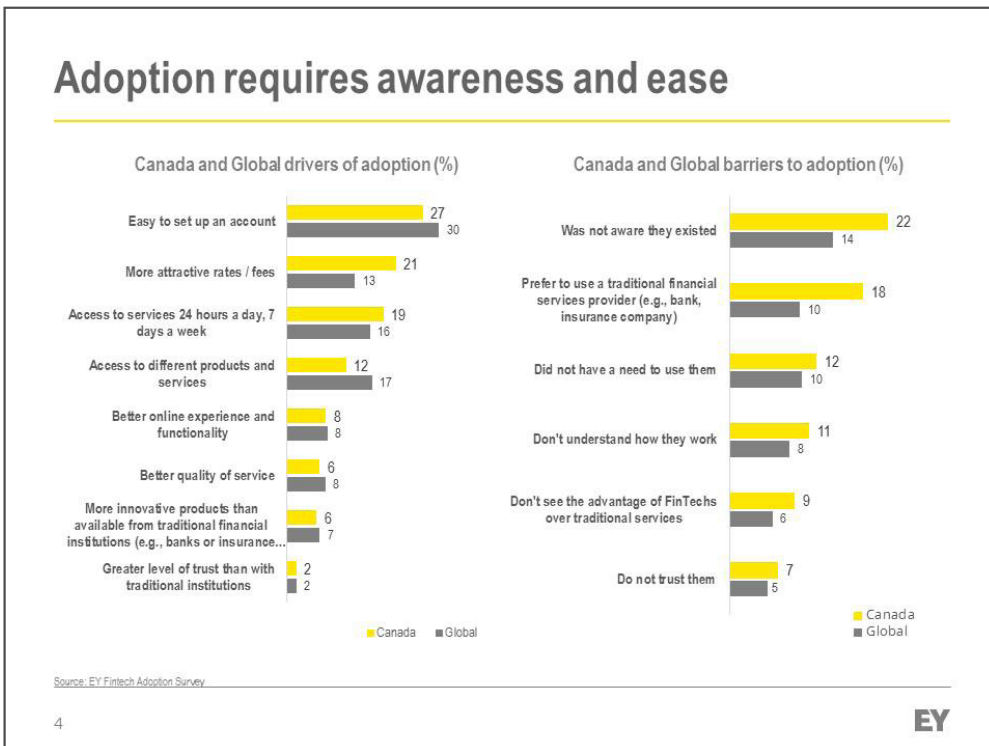
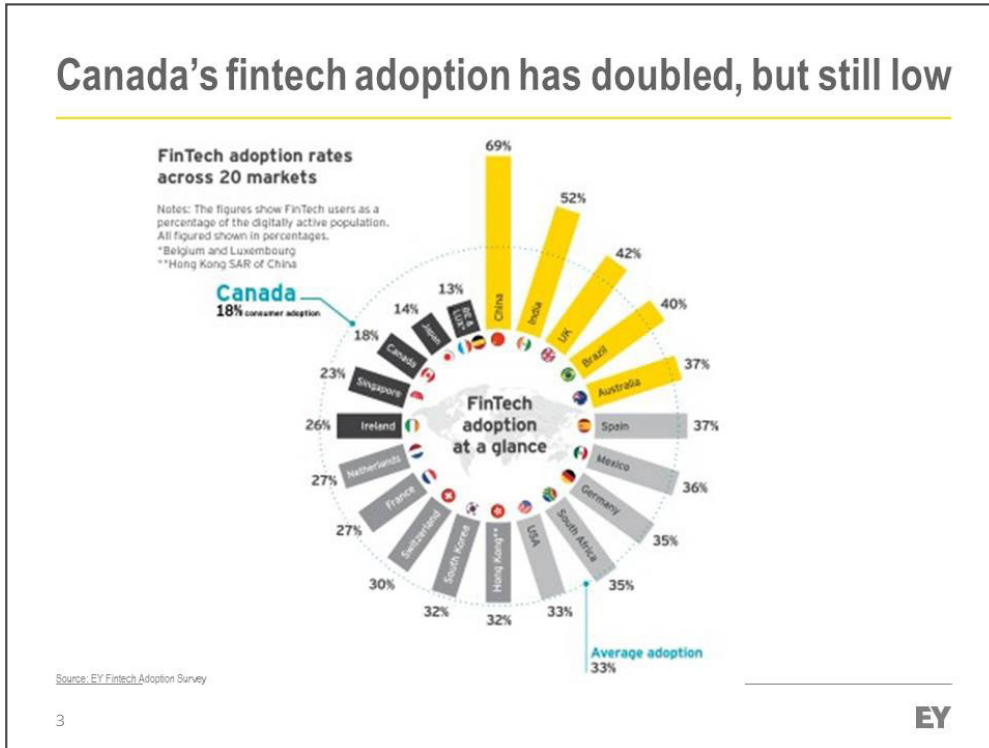
2

2

PRESENTATIONS

Gregory Smith, Partner, Financial Services Advisory, Ernst & Young LLP

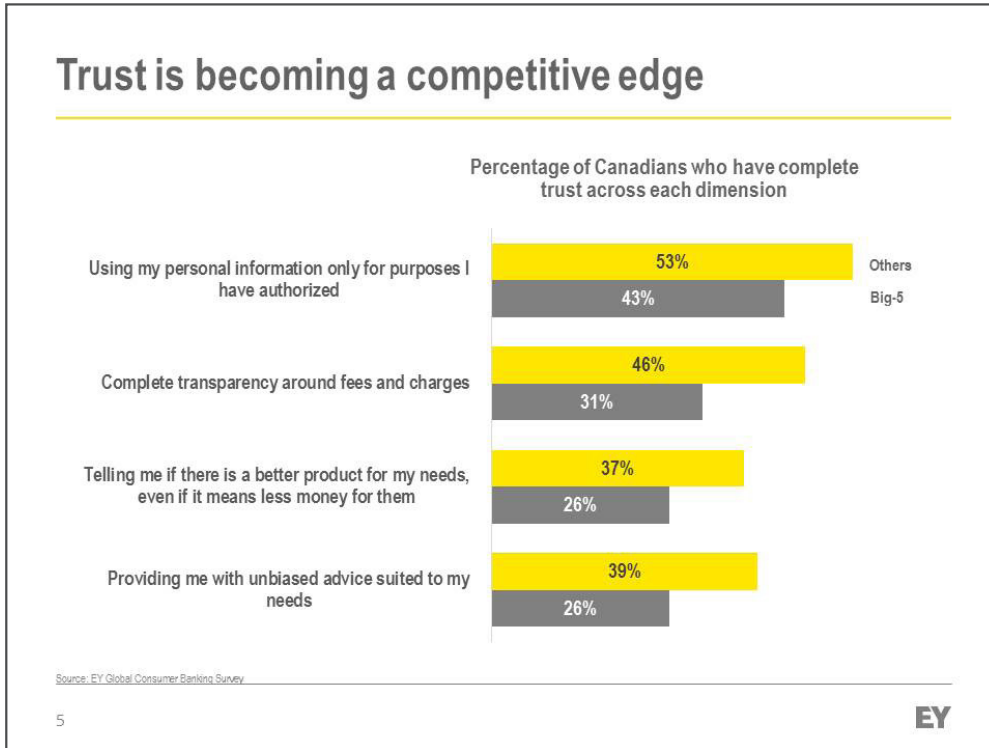
(Continued)



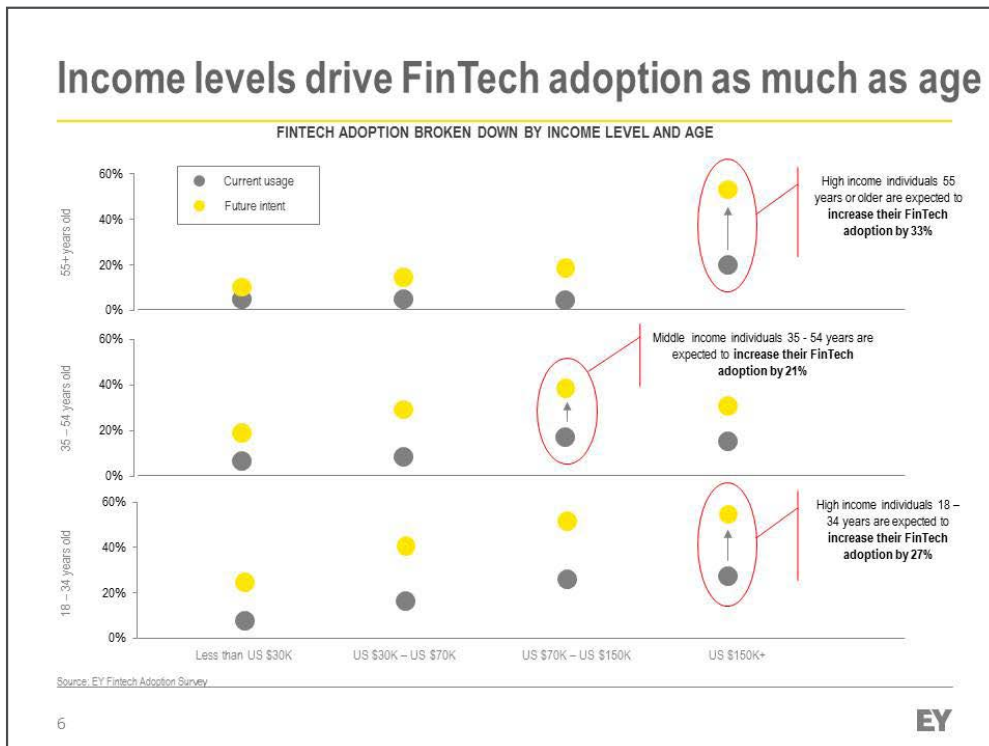
PRESENTATIONS

Gregory Smith, Partner, Financial Services Advisory, Ernst & Young LLP

(Continued)



5

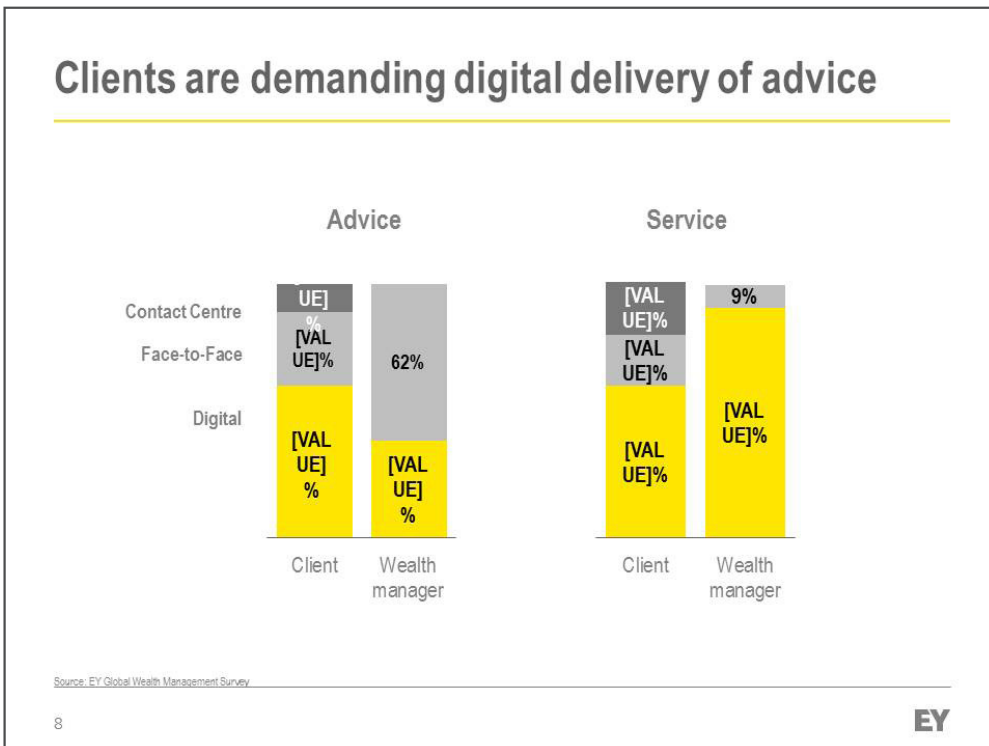
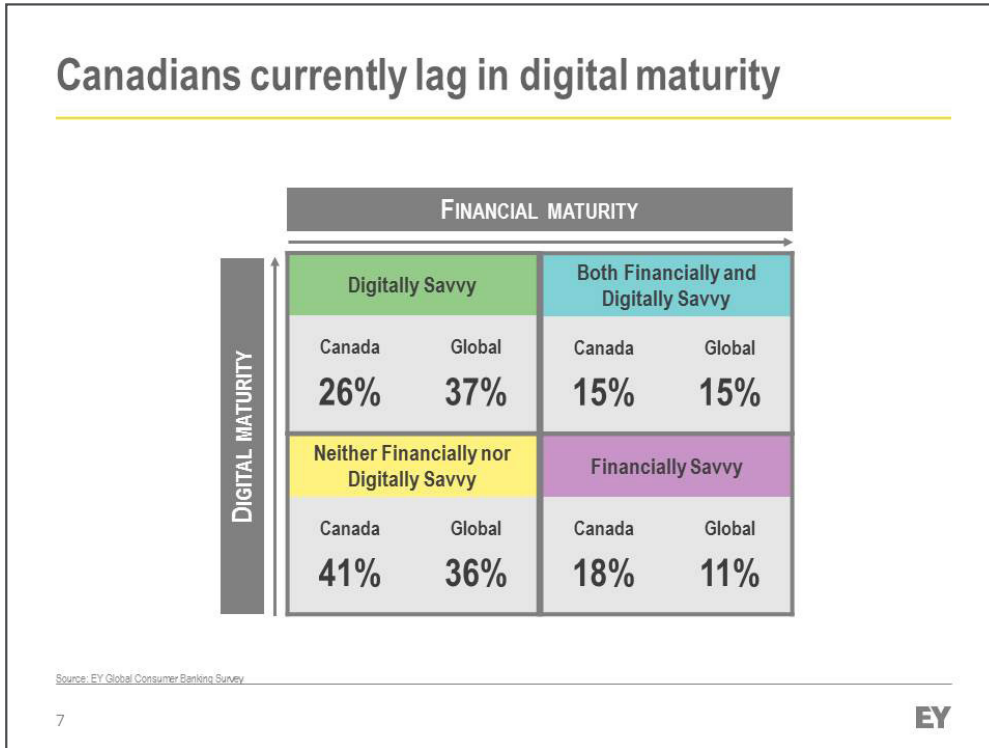


6

PRESENTATIONS

Gregory Smith, Partner, Financial Services Advisory, Ernst & Young LLP

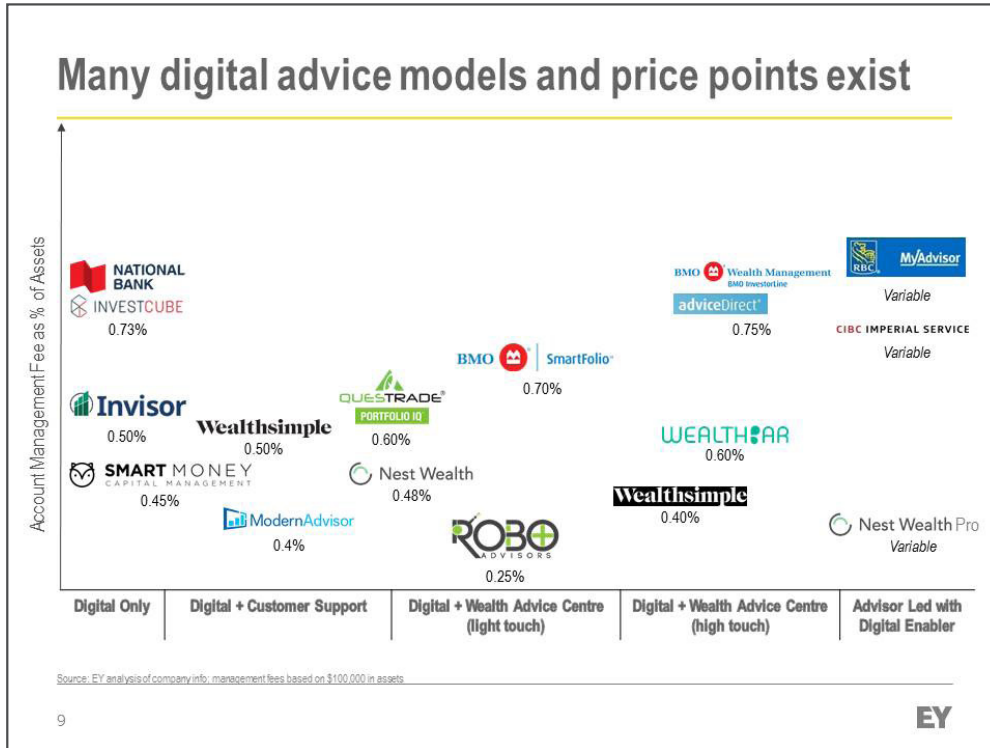
(Continued)



PRESENTATIONS

Gregory Smith, Partner, Financial Services Advisory, Ernst & Young LLP

(Continued)



PRESENTATIONS

Bridget Goulard, Assistant Commissioner, Financial Consumer Agency of Canada

THE WAY FORWARD REGULATION

CD Howe Institute

November 27th, 2017




1




1


Banking in the past



- Local
- Paper based
- Personalized
- Known risks
- Slower
- Simpler
- Few players



2

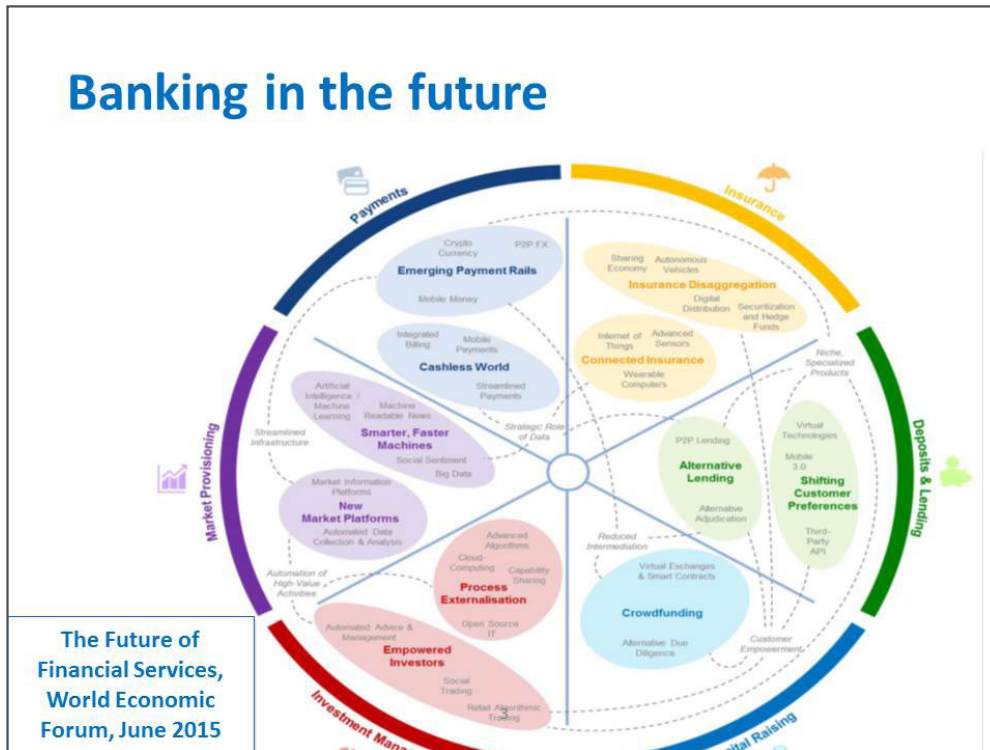


2

PRESENTATIONS


Bridget Goulard, Assistant Commissioner, Financial Consumer Agency of Canada

(Continued)




3

What does this mean for market conduct?




New and different participants

- Extended application of the rules
- Function based regulations



New platforms and channels

- Principle based approach
- Technology neutral language



Increased complexity




- Business intelligence strategy for regulators
- Enhanced consumer education


PRESENTATIONS

Bridget Goulard, Assistant Commissioner, Financial Consumer Agency of Canada

(Continued)

What does it mean for consumers?

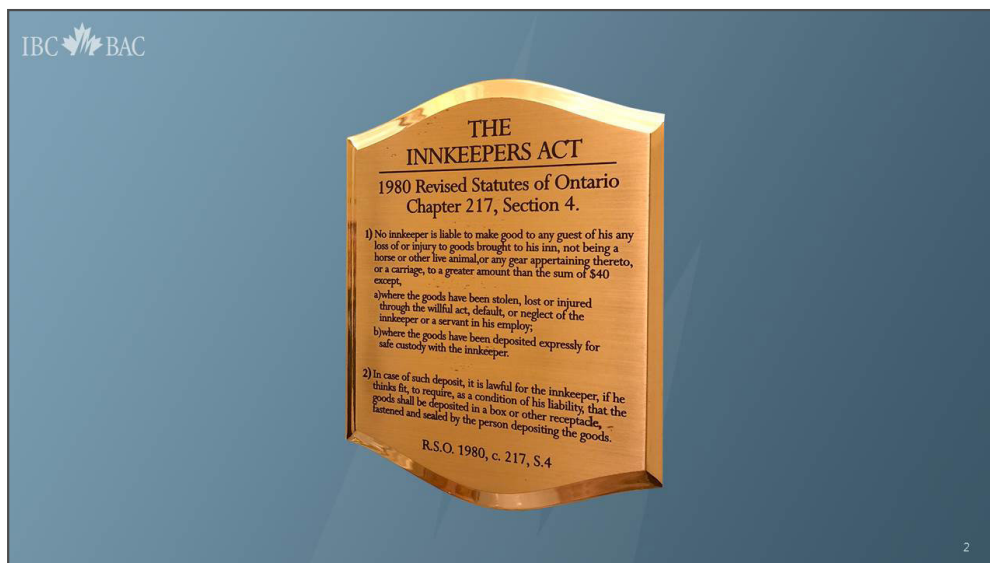
-  **Consumer empowerment**
 - Who owns the customer?
 - Choice of products and providers
-  **Financial literacy**
 - Rights and responsibilities
 - Challenges ahead
-  **Power of social media**
 - Regulatory tool
 - Reputation risk

5  5



PRESENTATIONS

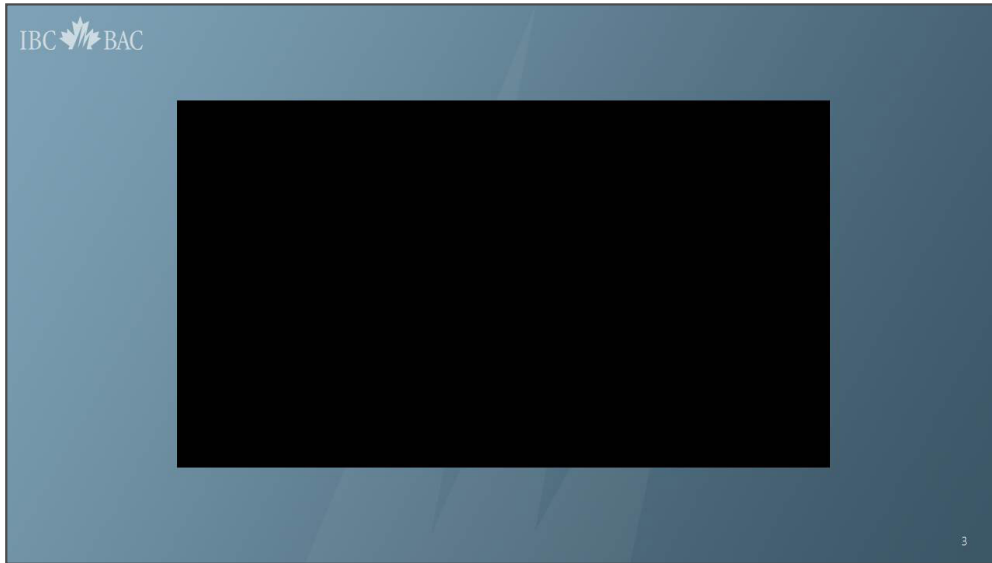
David McGown, Senior Vice-President, Strategic Initiatives, Insurance Bureau of Canada



PRESENTATIONS

David McGown, Senior Vice-President, Strategic Initiatives, Insurance Bureau of Canada

(Continued)



3

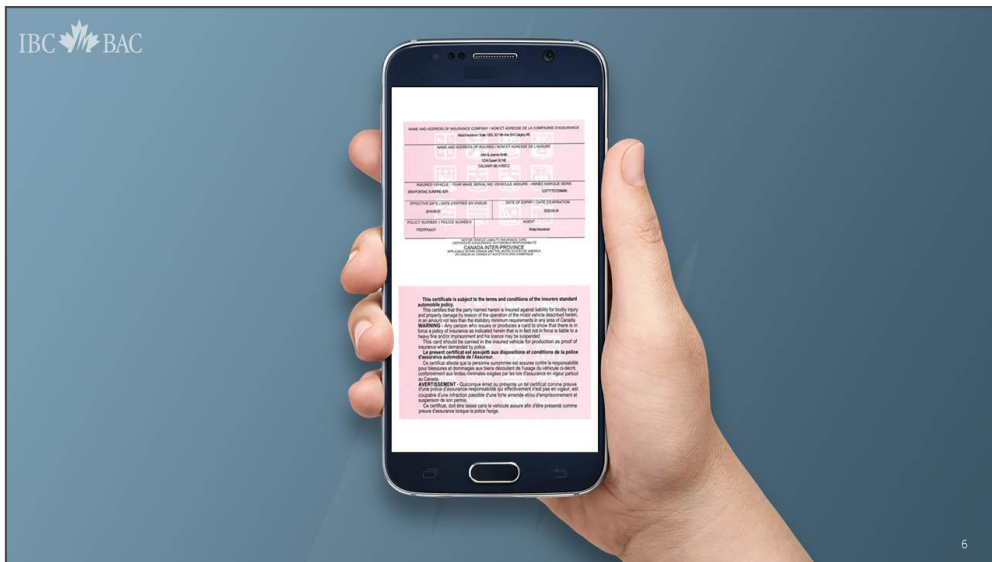
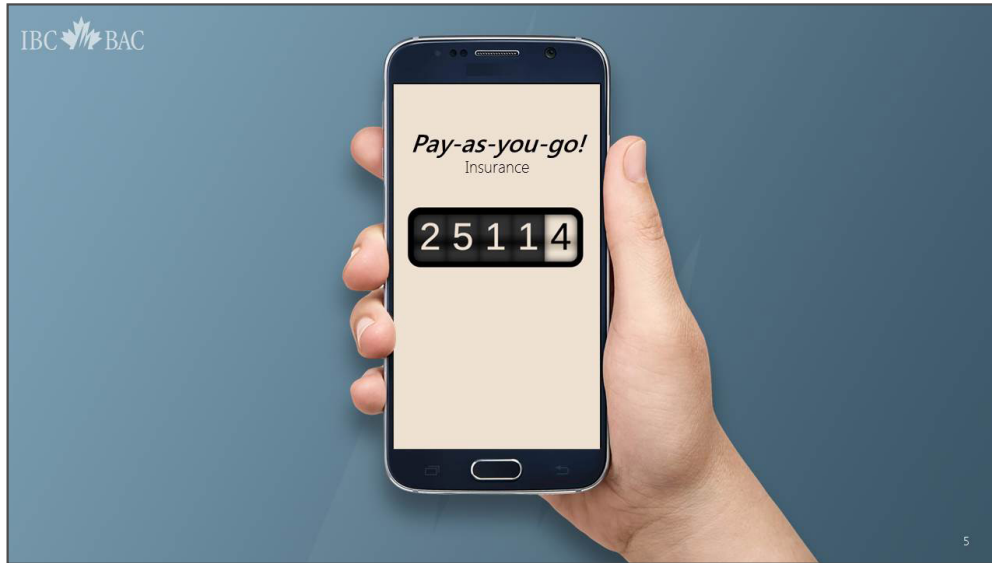


4

PRESENTATIONS

David McGown, Senior Vice-President, Strategic Initiatives, Insurance Bureau of Canada

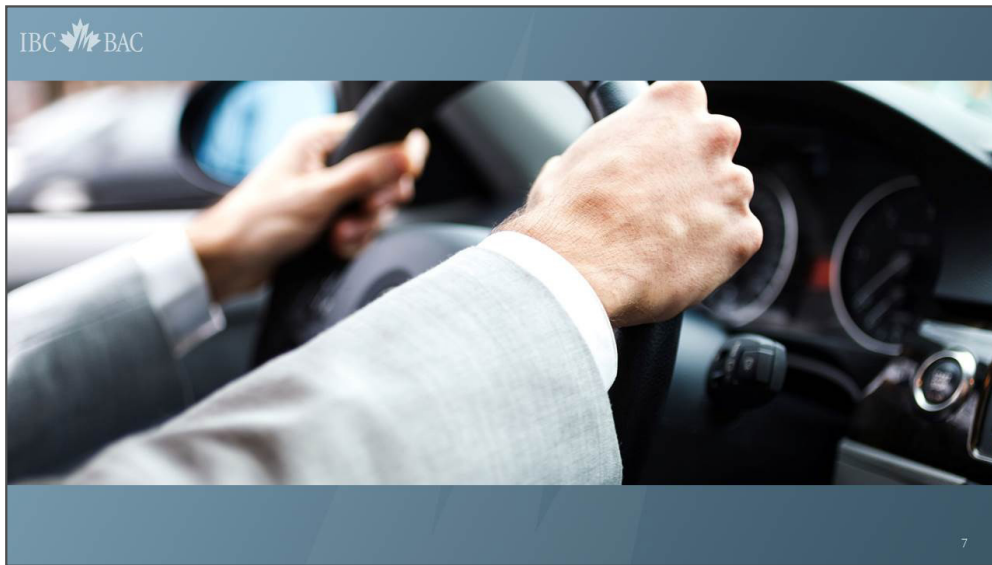
(Continued)



PRESENTATIONS

David McGown, Senior Vice-President, Strategic Initiatives, Insurance Bureau of Canada

(Continued)



7



8

THANK YOU

The C.D. Howe Institute wishes to thank its sponsors for their support for the conference. As a charity, the Institute depends on member funding to allow it to convene important policy discussions, mobilize outstanding scholars, push innovative ideas, and ultimately foster sound public policy.



CONTACTS

For more information, please contact:

Duncan Munn, Senior Vice President and Chief Operating Officer

416-965-1904 ext. 8176, dmunn@cdhowe.org

Daniel Schwanen, Vice President, Research

416-865-1904 ext. 2606, daniel@cdhowe.org

RECENT C.D. HOWE INSTITUTE PUBLICATIONS

- February 2018 Robson, William B. P., Alexandre Laurin, and Rosalie Wyonch. *Righting the Course: A Shadow Federal Budget for 2018*. C.D. Howe Institute Commentary 503.
- February 2018 Richards, John, and Parisa Mahboubi. “Measuring Student Outcomes: The Case for Identifying Indigenous Students in Canada’s PISA Sample.” C.D. Howe Institute E-Brief.
- February 2018 Eichenbaum, Martin, Benjamin K. Johannsen, and Sergio Rebelo. *Understanding the Volatility of the Canadian Exchange Rate*. C.D. Howe Institute Commentary 502.
- February 2018 Dachis, Benjamin. *Death by a Thousand Cuts? Western Canada’s Oil and Natural Gas Policy Competitiveness Scorecard*. C.D. Howe Institute Commentary 501.
- January 2018 Busby, Colin, Ramya Muthukumaran, and Aaron Jacobs. “Reality Bites: How Canada’s Healthcare System Compares to its International Peers.” C.D. Howe Institute E-Brief.
- January 2018 Macdonald, Bonnie-Jeanne. *Headed for the Poorhouse: How to Ensure Seniors Don’t Run Out of Cash before they Run Out of Time*. C.D. Howe Institute Commentary 500.
- January 2018 Wyonch, Rosalie. *Risk and Readiness: The Impact of Automation on Provincial Labour Markets*. C.D. Howe Institute Commentary 499.
- January 2018 Laurin, Alexandre. “Two-Parent Families with Children: How Effective Tax Rates Affect Work Decisions.” C.D. Howe Institute E-Brief.
- December 2017 Hunter, Lawson, Kenneth G. Engelhart, Peter Miller. *Strengthening Canadian Television Content: Creation, Discovery and Export in a Digital World*. C.D. Howe Institute Commentary 498.
- December 2017 Schwanen, Daniel. *Innovation Policy in Canada: A Holistic Approach*. C.D. Howe Institute Commentary 497.
- December 2017 Found, Adam, and Peter Tomlinson. “Business Tax Burdens in Canada’s Major Cities: The 2017 Report Card.” C.D. Howe Institute E-Brief.
- November 2017 Ciuriak, Dan, Lucy Ciuriak, Ali Dadkhah, and Jingliang Xiao. “The NAFTA Renegotiation: What if the US Walks Away?.” C.D. Howe Institute Working Paper.
- November 2017 Dachis, Benjamin, William B.P. Robson, and Farah Omran. *Fuzzy Finances: Grading the Financial Reports of Canada’s Municipalities*. C.D. Howe Institute Commentary 496.

A REPUTATION FOR INDEPENDENT, NONPARTISAN RESEARCH

The C.D. Howe Institute’s reputation for independent, reasoned and relevant public policy research of the highest quality is its chief asset, and underpins the credibility and effectiveness of its work. Independence and nonpartisanship are core Institute values that inform its approach to research, guide the actions of its professional staff and limit the types of financial contributions that the Institute will accept.

For our full Independence and Nonpartisanship Policy go to www.cdhowe.org.

Essential Policy Intelligence



www.cdhowe.org

67 Yonge Street, Suite 300 Toronto, Ontario M5E 1J8